

117TH CONGRESS  
1ST SESSION

# S. 2208

To require the United States International Trade Commission to investigate tariff policies relating to foreign-trade zones.

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IN THE SENATE OF THE UNITED STATES

JUNE 24, 2021

Mr. CORNYN (for himself, Mr. CARPER, Mr. TOOMEY, Mrs. FEINSTEIN, Mr. COONS, and Mr. LANKFORD) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To require the United States International Trade Commission to investigate tariff policies relating to foreign-trade zones.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “United States-Mexico-  
5 Canada Agreement Foreign-Trade Zone Modernization  
6 Act of 2021” or the “USMCA FTZ Modernization Act  
7 of 2021”.

8 **SEC. 2. FINDINGS.**

9 Congress makes the following findings:

1           (1) Expanding benefits to United States work-  
2           ers and businesses, reshoring critical supply chains,  
3           and creating United States based manufacturing re-  
4           quires analyzing tariff policies, assessing any nega-  
5           tive impacts that tariffs may have on United States  
6           businesses and workers, and identifying the most ef-  
7           fective policy options to correct those impacts and to  
8           revisit tariff treatment, if needed, particularly with  
9           respect to manufactured products exported from  
10          countries with which the United States has a free  
11          trade agreement in effect.

12          (2) The North American Free Trade Agreement  
13          Implementation Act (Public Law 103–182; 107  
14          Stat. 2057) included a restriction, in section  
15          202(a)(2)(A) of that Act, that prevented goods man-  
16          ufactured in foreign-trade zones from receiving pref-  
17          erential tariff treatment under the North American  
18          Free Trade Agreement.

19          (3) Title VI of division O of the Consolidated  
20          Appropriations Act, 2021 (Public Law 116–260)  
21          made a set of “technical corrections” to the United  
22          States-Mexico-Canada Agreement Implementation  
23          Act (19 U.S.C. 4501 et seq.) and included the same  
24          restriction described in paragraph (2).

1           (4) United States manufacturers operating in  
2 foreign-trade zones believe that that restriction re-  
3 moves parity with their counterparts in the equiva-  
4 lent of foreign-trade zones under Mexico and Can-  
5 ada's export-promotion programs, which do not have  
6 a similar restriction in place.

7           (5) Canadian and Mexican manufacturers al-  
8 ready enjoy advantages over United States manufac-  
9 turers operating in the North American market as  
10 a result of—

11           (A) Mexico and Canada's export-promotion  
12 programs and extensive networks of free trade  
13 agreements, including with the European Union  
14 and Japan; and

15           (B) not being subject to restrictions com-  
16 parable to the unilateral restrictions on United  
17 States-based manufacturing in foreign-trade  
18 zones under the United States-Mexico-Canada  
19 Agreement Implementation Act, which were  
20 carried over from the North American Free  
21 Trade Agreement Implementation Act.

22           (6) Among other things, the advantages de-  
23 scribed in paragraph (5) may encourage the location  
24 of manufacturing in Canada and Mexico, rather  
25 than the United States.

1 **SEC. 3. INVESTIGATION OF TARIFF POLICIES RELATING TO**  
2 **FOREIGN-TRADE ZONES.**

3 (a) IN GENERAL.—The United States International  
4 Trade Commission shall conduct an investigation to exam-  
5 ine—

6 (1) policies, particularly differences in tariff  
7 treatment by the United States and Canada and  
8 Mexico, that create inequities between products  
9 manufactured in the United States in foreign-trade  
10 zones and products manufactured in the equivalent  
11 of such zones in Canada and Mexico under the  
12 USMCA (as defined in section 3 of the United  
13 States-Mexico-Canada Agreement Implementation  
14 Act (19 U.S.C. 4502));

15 (2) any effects those policies have on the cost-  
16 competitiveness of products manufactured in the  
17 United States for both the domestic and export mar-  
18 kets compared to products manufactured in Canada  
19 or Mexico under the USMCA, including an analysis  
20 by sector and State; and

21 (3) how the foreign-trade zones in the United  
22 States could be better employed to redress and miti-  
23 gate those inequities.

24 (b) EXCLUSIONS FROM INVESTIGATION.—The Com-  
25 mission shall exclude from the investigation required by  
26 subsection (a) examination of duties imposed under—

1           (1) chapter 1 of title II the Trade Act of 1974  
2           (19 U.S.C. 2251 et seq.);

3           (2) title III of that Act (19 U.S.C. 2411 et  
4           seq.);

5           (3) section 232 of the Trade Expansion Act of  
6           1962 (19 U.S.C. 1862); or

7           (4) any other trade remedy law of the United  
8           States.

9           (c) ASSISTANCE FROM OTHER AGENCIES.—The Sec-  
10          retary of Homeland Security and the Secretary of Com-  
11          merce shall make available to the Commission such infor-  
12          mation as is necessary for the Commission to conduct the  
13          investigation required by subsection (a).

14          (d) REPORT REQUIRED.—Not later than 18 months  
15          after the date of the enactment of this Act, the Commis-  
16          sion shall submit to Congress a report on the investigation  
17          required by subsection (a).

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